

**AGENDA SUMMARY PAGE**

**AUDIT OVERSIGHT COMMITTEE MEETING OF: JULY 16, 2009**

**DEPARTMENT: CITY AUDITOR'S OFFICE**

**DIRECTOR: RADFORD SNELDING**

☐ Consent ☒ Discussion

**SUBJECT:**

Discussion and possible action on the Audit of Professional Services Contract #070122 - Delphi Research of Nevada (3100-0809-07)

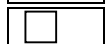
**Fiscal Impact**



No Impact



Augmentation Required



Budget Funds Available

**Amount:**

**Funding Source:**

**Dept./Division:**

**PURPOSE/BACKGROUND:**

To review the audit report Audit of Professional Services contract # 070122 – Delphi Research of Nevada (3100-0809-07)

The City Auditor's Office has been randomly auditing professional services contracts approved on the City Council's Consent Agenda. This contract is a three year firm-fixed price contract. Delphi Research is to design and implement a thirty-eight month evaluation to evaluate the effectiveness of the Batteries Included program components, at cost of \$157,056 from the general fund. Batteries Included, sponsored by the City of Las Vegas, Nevada Partners and the Clark County School District, offers a series of programs to improve high school graduation rates and to cultivate professional young leaders in the community.

**RECOMMENDATION:**

Approval

**BACKUP DOCUMENTATION:**

1. Audit of Professional Services Contract #070122 - Delphi Research of Nevada (3100-0809-07)
2. Submitted after Meeting – PowerPoint Slides 5-12 by City Auditor

Motion made by PAUL WORKMAN to Accept the Report

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 2

STEVE WOLFSON, PAUL WORKMAN, MICHAEL W. KERN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-JOSE TRONCOSO, LOIS TARKANIAN)

Minutes:

Philip Marmurowski presented a summary on a completed audit of the Professional Services Contract with Delphi Research of Nevada. Sponsored by the City, Nevada Partners and the

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Clark County School District, the program was established in 2007 and is administered by Leisure Services.

Mr. Marmurowski listed the objectives of the review and noted that during the audit process, there was an absence of numerous procedural policies. There were no improprieties on the part of the vendor and was most likely an unintentional oversight. Recommendations were made with a stipulation that the guidelines be completed by December 31, 2009. In the interim, the City Manager's Office is performing a comprehensive policy and procedures review.

Member Wolfson commented that if certain procedures were not in existence, the report did not indicate any recommendations of what can be done in the future. Mr. Marmurowski replied that when a professional services contract is awarded, it is then assigned to an individual who then determines how to administer the contract. Because no procedures existed, it was brought to the attention of the City Manager's Office. The response was to write the guidelines.

City Auditor Radford Snelding stated that there are a series of seven contracts. The review process looked at the controls and the finding was the lack of comprehensive policies; therefore, the recommendation was for the establishment of procedures. The second finding was related to the contract, determining the City's and the Contractor's responsibilities and assuring those were met.

Chairman Kern commented on the length of time between the periods a contract is submitted for consideration to the final approval, as he felt the timeframe was too long for contracts not to be monitored. Addressing Chairman Kern's concerns, Mr. Snelding replied that when reviewing contracts, generating a report would be a proper format to address any exceptions related to contract compliance. Kathy Rainey, Manager of Purchasing and Contracts, was subsequently tasked with the responsibility of creating a policy, considering the many contracts processed by her department. Ms. Rainey chose to create a training module for all contract representatives for the City to help them understand their roles and the standards for compliance with contract policies. Mr. Snelding added that it was Ms. Rainey's intent to do a thorough job of writing the procedures and part of the process was to train the project managers.

Chairman Kern questioned how it is possible to contract a vendor who is not licensed. Finance Director Mark Vincent explained that there is a current policy in place that enables the Office of Business Licensing to validate a license or determine if one is needed. He assumed this particular case was an error. With regard to the policy Ms. Rainey is working on, he affirmed that her perception is that since it is a policy, training is equally as important. However, if directed, the policy could be done sooner.

Chairman Kern asked whether a checklist is used to identify critical items and to ensure a contractor is in compliance. Mr. Snelding replied that they strive to have everything cleared relying on the contractor to verify this. After additional discussion on state licensing requirements, training on state laws and approval of invoices, Chairman Kern complimented the City Auditor and Leisure Services staff for a tremendous job.